



# *Are builders coming back to the market?*

*WCAA 2010 Conference*

*A presentation by Dave Hiebeler, Freedom Communications, September 27, 2010*

*What are the early signs and what can you sell them?*

# Today's Agenda

- National Market conditions.
- Market conditions to watch for?
- Who is the New Home Buyer?
- How Are Buyers Really Looking for Homes?
- Best Practices?
- Your ideas - breakout



## Current Conditions



- ❑ Single Family Starts rise 4.3% in August
- ❑ Builder confidence is low, small builders struggle to obtain financing.
- ❑ Large builders hoarding cash and developed lots.
- ❑ Housing affordability at record levels.
- ❑ Demand could improve soon if job market gradually improves later this year.

*Source: N.A.H.B. "Housing Starts Rise 10.5% in August", September 21, 2010. N.A.H.B.*



## National Trends



- For Builders two leading obstacles to new home sales is foreclosures and consumer low confidence in jobs.
- First time homebuyers stoke demand for smaller, less expensive homes.
- Apartments will be in short supply in coming years, demand to out-strip supply by mid 2011.

*Sources: N.A.H.B. "Builder Confidence Unchanged in September", September 20, 2010. N.A.H.B. "First Time Home Buyers Stoke Demand for Smaller, Less Expensive Homes", September 23, 2010.*



## What are some early signs in a market of builder recovery?

- 4 month or lower supply of housing inventory.
- Slight resale price appreciation in market.
- Rental/Apartment low vacancy levels 93 to 96%.
- Rising average rents, apartment shortages.
- Military expansions, job announcements – market confidence increases.
- Land acquisition deals for developed lots.



## National Trends



What we are seeing in our markets at Freedom Communications...

- Orange County, CA builders are back!
- Signs of life in Colorado Springs with DR Horton buying 55 lots, Pulte and Century.
- New recent positive activity in west Florida and Coastal North Carolina with military deployments.
- Activity in California Central Valley KB Home and independents.
- South Texas still very slow.
- Midwest building activity is slow.
- Victorville, CA builders throttled-back recently.
- Started online New Homes online channels in 3 new markets.



## New Home Buyers Want



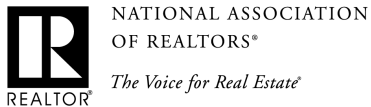
- A younger group of mature buyers want services like home maintenance and repair as part of next home purchase.
- Those that want lower maintenance housing is large and getting larger as Baby Boomers age. Possible shortage.
- Green building reaches tipping point moves out of custom homes and into high-production homes.
- Even though buyers want benefits of more efficient homes they are unwilling to pay more for a “green” home.

*Sources: N.A.H.B. “Mature Market Home Buyers Look Beyond Buildings, Desire Services”, January 19, 2010.  
N.A.H.B. “Home Buyers Want to Save Energy, But Only at the Right Price”, September 15, 2009. N.A.H.B. “Baby Boomers Want Convenience and Energy Efficiency in New Homes According to Survey”, September 15, 2009.*

# Home buyer characteristics from N.A.R.



- 47% are first-time home buyers
- Typical first-time home buyer was 30 years old.
- Repeat buyer was 48 years old.
- Median income was \$61,600 among first-time buyers, \$88,100 among repeat buyers.
- 21% of recent home buyers were single females

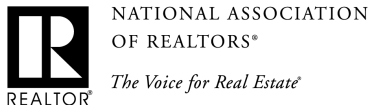


Sources: National Association of Realtors® Profile of Home Buyers and Sellers November 2009

# Home buyer characteristics from N.A.R.



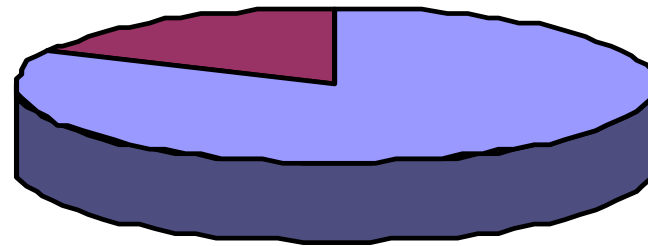
- Typical home buyer searched for 12 weeks and viewed 12 homes.
- Nine in ten home buyers used the Internet to search.
- Buyers moved a median of 12 miles.
- 77% percent of buyers purchased via real estate agent or broker.
- One-third of home buyers, the first step in the home-buying process was online.



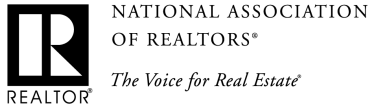
# Types of homes purchased



New  
Construction  
Homes  
18%



Resale Homes  
82%





# Newspaper use is important to move-up and move-down buyers

## Exhibit 3-4

### INFORMATION SOURCES USED IN HOME SEARCH, BY AGE

(Percent of Respondents)

	All Buyers	AGE OF HOME BUYER			
		18 to 24	25 to 44	45 to 64	65 or older
Internet	90%	95%	96%	86%	62%
Real estate agent	87	88	88	86	82
Yard sign	59	60	59	61	50
Open house	46	36	46	49	42
Print newspaper advertisement	40	33	38	44	45
Home book or magazine	26	20	26	27	21
Home builder	18	14	17	20	23
Relocation company	4	2	4	4	1
Television	8	8	8	8	3
Billboard	6	5	6	6	2



# What can you sell Builders?

**Showing 1 - 8 of 8**

**New on market!**

**\$285,000 - \$391,500**  
3 - 5 Bedrooms  
2 - 3 Baths

**The Terraces at the View**  
6077 E. Overlook Lane  
Yuma, AZ 85365

Terraces Two at the View is a premiere community in a desirable location. Located north of the airport, this community is a must-see. Located around the corner from the airport, this community is a must-see.

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**Exquisite Tuscan Style**  
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One lucky ticket! It just might be yours - will turn dreams to reality.  
Tickets are just \$150 each.  
Proceeds benefit the 27,000 students of the Irvine Unified School District.

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Grand Prize \$700,000 High Rise Home or \$500,000 CASH!	A Year of Rent Free At The Park at Irvine Spectrum Center
A Brand New 3-Series BMW	A Dream Vacation at 6 of OC's best Oceanfront resorts
\$10,000 Cash Prize first early bird prize and all ticket purchasers are eligible	

Early Bird and Grand Prize Deadline Dates

April 19, 2010	\$10,000 Cash
May 14, 2010	Brand New 3-Series BMW
June 19, 2010	Oceanfront Vacation Pkg
July 9, 2010	1 Year Free Rent "The Park"
July 30, 2010	Home at 3000 The Plaza

- Print is back in style, reward frequency and price aggressive.
- Develop a new homes online channel.
- Banner ad site take-overs and sliding billboard ads
- Email blasts to newspaper customer lists work!
- They love “advertorial”
- Don't forget your small builders, affordable presence with frequency
- SEO package directories



## Other strategies that will pay off?

Parade Home Winner in Flying Horse  
2312 Red Edge Heights  
Colorado Springs, Colorado, 80921

Sign Up | Login

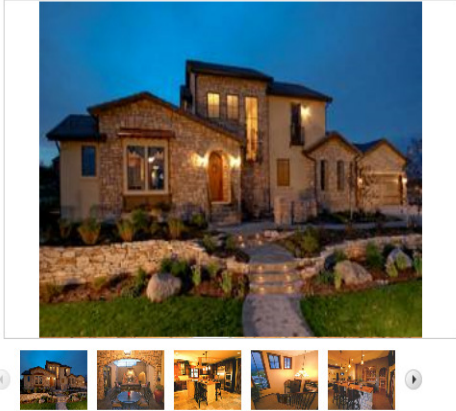
Listing Details | Photo Gallery | Map & Explore | Community Info | Sold Homes

Previous | Back to Search Results | Next

**ReadyNewHomes.com**  
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Click to Call  
Visit Doug Osinski's website  
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**NEXT STEPS**

- Save this Home
- Click to Call
- Print Page
- Send to a Friend
- Mortgage Calculator
- FREE Credit Report



- Get close to your HBA/BIA builder associations now.
- Maintain the relationships with all builders even though schedules dark!
- Position yourself now for an upturn as it will happen fast!





# Your best practices in selling to Builders?



- Success stories?
- Any “Aha” moments?
- Who does well with Print?
- Active with your HBA/BIA?
- Online?
- Mobile?



# Thank you!

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